



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: April 16, 2003

REPORT NO. 03-063

ATTENTION: Land Use and Housing Committee
Agenda of April 23, 2003

SUBJECT: Authorization for Lease Negotiations with San Diego Indoor Soccer, Inc.

SUMMARY

Issue - Should the City Manager enter into lease negotiations with San Diego Indoor Soccer, Inc., to renew its lease of the University Heights Reservoir?

Manager's Recommendation - Authorize lease negotiations with the present lessee.

Other Recommendations - None.

Fiscal Impact - None with this action. Annual rental income is currently \$25,180 and is deposited into Water Utility Operating Fund 41500. Any new lease will reflect current market rates.

BACKGROUND

San Diego Indoor Soccer leases the roof of the University Heights Reservoir for use as a sports complex. The 20-year lease has expired and is now on holdover. Located at 2720 Howard Avenue, the roof area of the reservoir covers about two acres. Originally developed with tennis courts, the facility now has soccer and roller hockey arenas. The City currently receives rent of \$25,180 per year with the lessee doing all maintenance.

The lessee requests that the City Manager enter into exclusive negotiations for a new lease with a term totaling 15 years. Council Policy 700-41 provides that the issue of renewal be presented to the LU&H Committee with the City Manager's recommendation.

DISCUSSION

In lieu of a Request for Proposals, the City Manager recommends negotiations with San Diego Indoor Soccer for the following reasons:

- San Diego Indoor Soccer is highly experienced in indoor sports and has a good record for abiding by the terms and conditions of its lease, having 23 locations nationwide and operating the San Diego location since 1988.
- The lessee's development plan for the new lease proposes \$242,000 in improvements including revamped soccer fields and ADA upgrades to improve access, such as a wheelchair lift.

If negotiations with San Diego Indoor Soccer are authorized, the new lease will reflect the City's updated terms and conditions and will be presented to the City Council for its consideration. The Water Department recommends that a new lease be negotiated with the current lessee.

ALTERNATIVES

Issue a Request for Proposals. This is not recommended for the reasons noted in the report.

Respectfully submitted,

William T. Griffith
Real Estate Assets Director

Approved: Bruce Herring
Deputy City Manager

GRIFFITH/PTC

Attachment: Site Map